BUDGET ESTIMATES FOR 1964-65—PRESENTATION.

Sri B. D. Jatti (Minister for Finance).—Sir, I deem it my privilege to present to this House the Budget Estimates of the State for the coming year.

2. As in the past, the noticeable features in the working of the several Departments of Government are explained in Part II of this speech. I do not therefore propose to go through them here in view of the limited time at our disposal.

3. Before I enter into the salient features of the estimates, I wish to refer briefly to the latest economic trends and other important matters.

Main Economic Trends.

4. In Mysore as in the rest of India, the Third Five-Year Plan which was initiated in April 1961, is completing the third year of its operation by the end of this month. In view of the situation created by the National Emergency, the Plan acquired added significance in our country. The mid-term appraisal of the Plan, undertaken by the Planning Commission, has, by pointing out the deficiencies in its implementation, enabled us to focus our attention on those aspects which require special attention.

5. In the agricultural sector, the official final estimates for the crop season, July 1962—June 1963, show that the overall production moved up by 7·4 per cent during 1962-63. The index of agricultural production (Base: Agricultural Year 1952-53=100) which stood at 153·4 in 1961-62 stepped up to 164·7 in 1962-63. The percentage of increase was higher in

respect of non-food crops, the relative index moving up from 162·6 in 1961-62 to 176·4 in 1962-63 (or by 8·5 per cent) while the index of food crops went up from 148·6 to 158·6 (or by 6·7 per cent) during the same period.

6. The statistics of production of important food and non-food crops are given below :—

(Figures in tons)

	1961-62‡	*1962-63§*	*Percentage Variation*
Cereals ...	34,51,901	37,20,246	+7·8
Pulses ...	3,27,117	3,17,168	−3·0
Groundnut ...	4,01,714	4,28,927	+6·8
Cotton (bales of 392 lbs.)	4,34,345	4,29,987	−1·3
Sugarcane ...	47,90,525	56,52,013	+18·0

‡Partially revised estimates.

§Final forecast estimates, subject to revision.

7. The preliminary estimates for 1963-64 indicate that the area under ragi, jowar, maize, wheat, tur and kharif pulses, cotton, sugarcane, and groundnuts is likely to be higher during the year.

Industrial Production.

8. The figures of production in some of the important industries for 1961-62 and 1962-63 are set out below :—

Industry	*Unit*	*1961-62*	*1962-63*	*Percentage Variation*
Pig Iron ...	M. Tons	88,821	90,870	+2·3
Crude and Semi-finished Steel ...	,,	49,634	45,741	−7·8
Finished Steel ...	,,	39,857	40,104	+0·6
Sugar ...	,,	126,829	129,356	+2·0
Paper ...	,,	34,036	41,127	+20·8
Cement '000 ...	,,	723·2	754·7	+4·4

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Compared to 1961-62, the production of pig iron increased by 2·3 per cent, and the output of finished steel, by 0·6 per cent. The production of sugar and cement also registered appreciable improvement while the output of paper went up by 20·8 per cent. Figures of production in 1963-64, available up to the end of September 1963, indicate that the tempo of progress in respect of iron, finished steel, cement and paper is continuing.

Employment Position.

9. The figures of the Employment Exchanges which are rough indicators of the degree of non-employment in the State, show that the employment situation was better during 1962-63 than during the preceding year. The number of vacancies notified during 1962-63 was 37,212, compared to 29,774 during 1961-62. The number of placements effected also increased to 24,348 from 23,020 in 1961-62. The later data available in this regard indicate that this trend has been continuing.

Price-index.

10. The price situation continued to cause anxiety during 1963-64 also, though during the early months of the year, it showed signs of improvement.

The index numbers of whole-sale prices of all agricultural commodities which stood at 145·5 in December 1962 (Base : 1952-53 = 100) went up to 147·3 in December 1963, that is a rise of 1·8 per cent over the one-year period. The range of variation, however, differed in the case of individual commodities or

commodity groups, the price rise being the highest in the case of gur, the index number having risen from 164·3 to 258·9. Over the same period, the prices of cereals had dropped by 3·1 per cent.

The prices of non-agricultural commodities also have shown an increasing trend during the period.

The rise in prices has naturally resulted in an increase in the cost of living of the people as is evidenced by the index numbers of consumer prices for working class in urban as well as rural areas. The increase during the one-year period, *viz.*, from December 1962 to December 1963 amounted to 16·3 points in Bangalore, the relative index (Base : 1935-36=100) going up from 465·3 to 481·6. The rise in other areas was : Mysore—12·8 points, Bellary—8·6 points, Davanagere—8·2 points, Bhadravati—12·3 points, Harihar—10·1 points, Mandya—9·2 points, and Hassan 7·9 points. The cost of living index of agricultural labourers increased from 121 in December 1962 (Base : 1950-51 = 100) to 123 in September 1963.

Income-Trends.

11. A study of the income trends in the State has revealed that the income of the State which stood at Rs. 488·17 crores in 1956-57 increased to Rs. 670·00 crores in 1960-61, at current prices. During the same period, the *per capita* income at current prices went up from Rs. 227·3 to Rs. 289·6.

Agricultural Production.

12. As Honourable Members are aware, steps are being taken to step up food production. While major projects serve as a long range programme in the

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solution of the problem of food shortage, priority is given for minor projects. The Government of India also have been allotting additional assistance for Minor Irrigation since 1960-61. As a result of these steps, the original allotment for five years for tanks, including for their restoration has been exceeded in the first three years themselves, bringing 49,668 acres newly under Irrigation and assuring water supply to 1·18 lakh acres. About 21,000 wells are expected to be completed by the end of 1963-64 against the target of 32,000 for the five-year period, and in all 42,900 well works are expected to be sanctioned during the period 1960-61 to 1965-66, depending of course on the additional Central assistance that will be made available.

13. During the last 2½ years, the Electricity Board has serviced 8,400 pump sets which exceeds the target fixed for III Plan. This is in addition to Diesel sets supplied by the Agricultural Department.

Food Production.

14. The programme for 1964-65 is to achieve additional food production of 2·67 lakh tons. This is not impossible, given fairly good seasonal conditions and adequate supply of fertilizers.

Development of Commercial Crops.

15. Under Oilseeds, it is proposed to achieve an additional production of 88,311 tons in 1964-65. The Package Programme launched for stepping up of production of groundnut in Raichur District is expected

to add to it by 5,000 tons. A proposal to launch a Package Programme in three more taluks in the State to step up production by another 10,632 tons during 1964-65, is under consideration.

16. The programme under sugarcane is to increase the acre-yield by intensive cultivation measures taken up under the Sugarcane Development Scheme.

17. Under Cocoanut and Arecanut, the programme is to raise increased seedlings as under :—

Cocoanut	...	5 lakhs
Arecanut	...	10 lakhs

18. An increased production of 41,500 bales has been programmed in 1964-65 under the Cotton Development Scheme. A Package Programme for stepping up production of cotton in certain areas by 41,500 bales by the end of the Third Plan, is also in the offing.

Soil Conservation.

19. The programme for 1964-65 under contour bunding is to cover 1·43 lakh acres and under dry farming, an area of 95,000 acres.

Agricultural Education.

20. The establishment of the Agricultural University will be implemented as soon as assistance from the Government of India is forthcoming. It is proposed to commence the preliminary works in respect thereof, shortly.

New Irrigation Projects.

21. Technical clearance has been received from the Planning Commission for the Upper Krishna and

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Malaprabha Projects and preliminary work has started. A Central mechanical organisation is being created to have a unified control over the procurement and distribution of machinery and for attending to their maintenance, etc. A Planning and Designs Organisation has been sanctioned for the Office of the Chief Engineer, Irrigation Projects, to attend to the work relating to planning and designs in respect of irrigation projects meant for the utilisation of the State's shares of Krishna and Cauvery waters.

22. It is proposed to start preliminary works in respect of Chandrampalli Project in Gulbarga District and of Harangi and Hemavathi Projects in Coorg and Hassan Districts, respectively. With a view to stepping up the development of irrigation under major and medium irrigation projects, Government have decided to construct water courses up to the capacity of one cusec at Government cost under all the projects taken up for execution during the First, Second and Third Five-Year Plans and also to construct field channels up to the last survey number by Government agency, wherever feasible and necessary, pending recovery of the expenditure on this account from the beneficiaries. This will accelerate the pace of utilisation of the irrigation potential created by the projects.

Development of Area under Irrigation Projects.

23. The Scheme for the development of irrigation under major projects envisages the setting up of demonstration farms and demonstration plots, supply of pimroved seeds and fertilizers, reconditioning of

lands to make them fit for irrigation, extension and propaganda work, afforestation, construction of ayacut roads, and advancing loans for developing lands.

The progress achieved is as under :—

	Potential created	*Area developed*
	Acres	Acres
Tungabhadra (L.B.) ...	3,40,000	2,16,668
Ghataprabha Project, I Stage.	1,20,000	41,537
Do II Stage.	32,320	10,353
Bhadra Project ...	63,610	32,075
Tungabhadra Project (R.B.) ...	92,000	57,178

Urban Water Supply.

24. The plan allotment for the five-year period is expected to be exceeded by the end of the current year itself in respect of urban water supply schemes. Every endeavour is being made to complete all the schemes as early as practicable.

25. Mention may be made in this connection of the Bangalore Water Supply Scheme which is designed for this premier city which has been facing acut scarcity of water supply with the growing population. The daily drawal to this City from Chamarajasagar and Hessaraghatta reservoirs was of the order of 17 million gallons of water, till recently. The triplicate pipe line from Chamarajasagar to Bangalore City has partially been commissioned and supply has now been increased to 23 million gallons per day. The line will be fully commissioned as soon as the new pumps are installed. The preliminary work on the long-term plan to augment the supplies by drawing 60 million

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gallons per day from the river Cauvery has been started. A provision of Rs. 50 lakhs for the work during the current year has been made and a provision of Rs. 150 lakhs is included for the coming year. The Government of India have promised to give assistance.

Rural Water Supply.

26. The National Rural Water Supply and Sanitation Programme under which piped water is given to the larger villages has become very popular in rural areas. The Government, therefore, raised the Plan ceiling for this scheme in the Third Plan from Rs. 50·00 lakhs to Rs. 100·00 lakhs with the concurrence of the Planning Commission with a view to take up more schemes. So far, 205 works estimated to cost Rs. 124·00 lakhs have been sanctioned under this programme. Sixty works have been completed and serviced and others are in various stages of execution. A sum of Rs. 28·45 lakhs has been expended so far during the Third Plan period, the expenditure since the inception of the scheme, being Rs. 68·72 lakhs.

27. The programme of sinking drinking water wells is being continued under the Local Development Works Scheme and out of the funds of Panchayats which include the grants given to them by Government.

Sharavathi Valley Hydro-Electric Project.

28. This project which is the biggest of the Hydro-Electric Projects undertaken in the State, is calculated to contribute materially for industrial

development in the State which has practically been static since the commencement of the Second Plan for want of adequate power. The First Stage of this project comprising the installation of three generating units of 89,100 k.W. each was sanctioned during the year 1956 and the Second Stage for the installation of 5 more such units in the year 1962. There were initial difficulties in obtaining the foreign exchange requirements of this project. Subsequently, however, the necessary foreign exchange has been provided from loans obtained from the Agency for International Development (U.S.A). The United States Government have also given rupee loan out of PL.480 Funds for execution of the First and Second Stages of the Project. The total estimated cost for the First Stage including Transmission Lines and Receiving Stations is Rs. 56 crores and that for the Second Stage, Rs. 24 crores. As the equipments have to be purchased from the U. S. A., the estimates are being revised, taking into account the present cost of execution. The estimates for the installation of 8th, 9th and 10th Generating Units have been forwarded to the Government of India for sanction. On the assumption that the equipment for the Second and subsequent stages will have to be purchased from the United States, the total estimated cost of Sharavathi Valley Project up to high tension bus bars would be of the order of Rs. 85 crores. The major transmission lines and the receiving stations which form part of this project are estimated to cost Rs. 50 crores. When the Project is completed, it is proposed to transmit power at a high voltage to major

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load consuming centres like, Shimoga, Bangalore, Hubli, Munirabad, Mangalore and Mysore at suitable points from which the State Electricity Board will arrange to draw the power up to the consumers' terminals through its own transmission and distribution lines. It will therefore be necessary for the State Electricity Board to incur huge expenditure for the distribution of the Power and it is anticipated that, expenditure to the tune of Rs. 100 crores would be required on transmission lines and distribution system alone.

29. After completion, the Sharavathi Valley Project will usher in a new era of industrial development in the State because of the fact that Hydro-Electric Power could be supplied at cheaper rates to prospective industries practically in any part of the State. When fully completed, this project will have an installed capacity of 890 mW and will generate about 4683 million units of energy, out of which 4176 million units will be delivered to the ultimate consumers after making allowances for losses in the transmission and distribution system. The statistics connected with the progress of this Project are shown in Part II.

Development of Industries: Industries owned by Government.

30. In spite of shortage of power, which is a temporary phase, satisfactory progress has been achieved in the industrial field. The existing industrial concerns have taken up expansion programmes as indicated in Part II. Mention may be made of the New Government

Electric Factory estimated to cost over Rs. 6 crores now in the construction stage. This will go into production in phases commencing from 1964-65. The Porcelain Factory at Bangalore has turned the corner and its further expansion is under consideration.

Mysore Iron and Steel, Limited.

31. During the current Plan period, the following schemes have been completed and commissioned into service:—

(1) Sintering Plant for the manufacture of Iron Ore Sinter from ore mines with a capacity of 80,000 tons per annum. The cost of the scheme was Rs. 42 lakhs.

(2) Expansion of the Ferro-Silicon capacity by 15,000 tons at a cost of Rs. 1 crore. It may be stated here that the Mysore Iron and Steel, Ltd., are the only producers of Ferro-Silicon in the country, meeting the demands of all the major steel producers and other smaller units.

32. The steel expansion plant taken up at a cost of Rs. 7 crores is proposed to be converted completely into an Alloy and Special Steel Plant with an additional investment of about Rs. 10 crores.

Action has also been taken for the expansion of the Pig Iron capacity from 80,000 tons to 200,000 tons by the installation of additional Electric Pig Iron Furnaces.

Industries in the Private Sector.

33. In the private sector, the Radio and Electrical Manufacturing Company is stepping up production of Electricity meters from 1·75 lakhs to

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2·75 lakhs per annum and is also increasing the production of plastic wires, cables, switches, etc. It is also taking up new lines of production of Polyphase Electricity meters, etc. The Mysore Chemical and Fertilizers is increasing its existing capacity for manufacture of sulphuric acid. A new industry to manufacture Cellulose Tri-Acetate is being set up shortly near Mandya in collaboration with American and Swedish firms. The Mysore Lamp Works is stepping up the production of lamps from 39 lakhs to 80 lakhs per annum and taking up new production lines such as glass shells, tubes, fluorescent lamps, automobile lamps, radio lamps, etc.

34. To exploit raw material resources of the State, all encouragement is being given to expand paper and pulp industry. The Mysore Paper Mills has taken up an expansion programme to step up its production from 8,100 to 18,100 tons per annum. The Mandya National Paper Mills has taken steps to double its production. The West Coast Paper Mills has increased its production to 125 tons daily.

35. A letter of intent has been issued to a new venture for establishing a newsprint factory in the State.

36. Two more licences in the private sector for the manufacture of paper and pulp from bagasse have also been secured and the licensees have initiated steps to implement these projects, one in Belgaum and the other in Bellary Districts.

In addition to the above large industrial ventures, the State Government have helped the establishment

of a small-scale factory with an annual capacity of 1,500 tons based on rags, waste paper, etc., and the factory is coming up near Dharwar.

37. To meet the ever-growing demand for cement and also with a view to developing new industrial ventures in industrially backward districts, the State Government have sponsored proposals for starting new Cement Factories at Nagargali, Wadi, Hiriyur and Sedam. The Government of India have already accorded their approval for the proposed factories at Nagargali and Wadi and the remaining two proposals are under their active consideration.

Sugar Industry.

38. Besides the three existing sugar factories in the co-operative sector, a fourth is being set up at Gowribidanur.

Action is being taken not only to effect substantial expansion of the capacities of some of the existing sugar factories, but also to obtain necessary industrial licences from the Government of India to establish at least five to six new sugar factories preferably in the co-operative sector, in the already well-developed sugarcane zones in the State, such as Hiriyur, Mugutkhan-Hubli, Bidar, Kamalapur and other areas.

Aluminium Industry.

39. With a view to avail of the bulk surplus power shortly accruing from the Sharavathi Hydro-Electric Project, the State Government have been actively considering the question of establishing a

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large-sized Aluminium Factory at a suitable location on the West Coast. Negotiations for obtaining Bauxite from Maharashtra have been successfully concluded and proposals from various concerns have been obtained for the plant. They are being examined by the Government of India.

Small Scale and Village Industries.

40. Steps have been taken by the Government to give necessary fillip for an alround development of small scale, handlooms, handicrafts and other rural industries. An expenditure of nearly Rs. 5 crores was incurred on the several schemes undertaken for the development of this sector during the II Five-Year Plan period. Several schemes involving an outlay of as much as Rs. 7·75 crores have been taken up for implementation under the current Plan period to give necessary encouragement for the rapid development of the decentralised sector.

State Aid to Industries.

41. The State Government have decided to establish State Industrial Investment and Development Corporation as a Government Company with an authorised capital of Rs. 5 crores and with an initial issued and paid-up capital of Rs. 1 crore.

The objects of the proposed Corporation are to extend effective assistance and encouragement for the development of Industries.

Development of Ports.

42. The development of Mangalore Port into an all-weather major port has already been sanctioned by

the Government of India and preliminaries in this regard are well underway. The normal development schemes for which the State Plan provides Rs. 27·8 lakhs are intended to serve the port for some years to come until the port is fully developed. The State Plan Schemes in respect of other minor ports are in progress.

There is also a prospect of securing Yugoslavian assistance of the order of Rs. 120·00 lakhs for the construction of a fishing harbour at Malpe in South Kanara District.

The second stage development works for Karwar Port will be taken up after the results of model studies are known. When the second stage is completed, Karwar will become an All-Weather Port.

Land Revenue Surcharge.

43. The Mysore Land Revenue Surcharge Act, 1961 under which Government are enabled to levy a Surcharge on Land Revenue came into force on 1st April 1961.

It was expected that resettlement operations would be completed by now. Due to delay in the passing of the Land Revenue Code and the nature of work, the resettlement work is still in progress.

Health Services.

44. The expenditure on Medical and Public Health which was Rs. 306·89 lakhs in 1957-58 is estimated to go up to Rs. 731·26 lakhs in 1964-65. The steep rise is due to provision of larger facilities for and expansion of the health services. The Budget for

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1964-65 makes an increased provision of Rs. 36·86 lakhs for Family Planning and it is proposed to augment it if necessary during the course of the year, depending on Central assistance.

Educational concessions.

45. Uniform rates of Freeships have been announced for all the Arts, Science and Commerce Colleges in the State during the current year. Under the Scheme, about 30 per cent of the boys and 50 per cent of the girls in all these colleges will get exemption from tuition fees. In addition, special concessions were also announced for children and dependents of goldsmiths and service personnel during the year. These measures involve considerable expenditure. Liberal fee remissions have also been given as a special case this year enabling students throughout the State to pay reduced tuition fees in Arts, Science and Commerce Colleges, pending examination of the fee structure in the colleges on the basis of recommendations to be made by the Committee set up under the Chairmanship of Dr. A. Lakshmanaswamy Mudaliar. To meet the extra cost, a provision of Rs. 27 lakhs is made in the next year's Budget as the payments will come up only in 1964-65 and there will also be reduction of Rs. 7 lakhs in fee receipts of Government Colleges during the current year.

46. It need hardly be added that expenditure on Education has mounted up in recent years. The expenditure which was Rs. 916·95 lakhs (excluding capital) in 1957-58 will go up to Rs. 2191·50 lakhs in

the coming year and there has been rapid progress on the quantitative side in all branches of Education. This has naturally led to a good number of problems connected with the provision of accommodation, trained teachers, equipment, staff for administration, etc. Government are trying to solve these problems but we cannot forget that reforms depend on finances, for implementation. With the large expansion of Education complaints about standards are natural but improvement of quality means again more funds. Need I add that we cannot demand increase in number, improvement in quality and better facilities and at the same time ask for larger fee concessions and reduction in taxation? It is the tax-payer that has got to bear the brunt of such burdens and striking a balance between the two conflicting interests is the only prudent course to adopt in such circumstances.

47. In the field of Secondary Education, tuition is now free to all students whose parents' income is Rs. 2,400 or below per annum. This measure, which was introduced during 1962-63, benefits nearly 87 per cent of the children in Secondary Schools. From the statistics furnished in Part II it may be observed that there has been a phenomenal increase in the percentage of enrolment of students at Primary, Middle and Secondary levels which is also partly reflected under Collegiate Education.

School Lunch Programme.

48. Five lakhs of school children in Primary Schools were provided with mid-day meals during the

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year. This enlarged programme was rendered possible owing to the liberal assistance rendered by the CARE Organisation of U.S.A. A Provision of Rs. 30 lakhs is made in the Budget for the coming year and, as in other States, the successful working of the scheme depends on liberal contributions from the public also.

Regional College of Education and Training, Mysore.

49. The Ministry of Education, Government of India, have established a Regional College at Mysore to train teachers of Multi-purpose and Higher Secondary Schools in various subjects like Science, Commerce, Mathematics, Crafts and Technical Subjects. This is expected to be very helpful in overcoming the shortage in the number of trained teachers in such subjects.

Regional Institute of English (South India), Bangalore.

50. This Institution which was sponsored jointly by the four Southern States and is assisted by the British Council, was established in Bangalore during the current year. It will train English teachers in Primary Training Institutions as also in Secondary and Primary Schools. It will also advise the State Governments on syllabi and other matters. About 25 teachers have been deputed by the Education Department for the first course which started in October, 1963. The Training Course is of five months duration. This institution will greatly help in stepping up the standard of teaching of English in schools.

State Institute of Education, Dharwar.

51. This institute will be located at Dharwar and will start functioning in June 1964. With a view

to improve the quality of Elementary Education, the Government of India have set up one such Institute in every State. The objectives of the Institute are mainly (1) to give in-service training to the Inspecting Officers and the staff of the Teachers' Training Institutions, (2) to produce literature for the guidance of the teachers, and (3) to conduct investigation in the training of Elementary Teachers.

Sainik School, Bijapur.

52. The Sainik School at Bijapur started functioning in September 1963. Admission to the School is open normally to boys in the age group 9-14 to Classes V to IX, respectively. Admission is made on the basis of an All-India Entrance Examination. The State Government have instituted a liberal scholarship scheme. A sum of Rs. 2 lakhs has already been released to the institution in the form of grant-in-aid.

Establishment of the proposed Bangalore University.

53. The Committee appointed by Government to suggest ways and measures for establishing a Federal Unitary type of University at Bangalore, as contemplated in the interim report of the 'Committee on new Universities' appointed by the University Grants Commission, has submitted its report.

The recommendations of the Committee are under the consideration of Government. The establishment of the University depends however on assistance from the University Grants Commission or the Government of India.

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Price Support

54. The scheme of purchase of paddy by Co-operatives was sanctioned during the harvest of 1962-63, when the prices of paddy registered a downward trend. Towards this end, Government made a share capital contribution of Rs. 10 lakhs to the Societies and also agreed to make good their losses up to Rs. 2 per palla. Paddy to the extent of 1·96 lakh pallas costing about Rs. 56 lakhs was purchased by the Co-operatives under this scheme, for release of the grain when the price of paddy or rice showed an upward trend. This measure had the desired effect of checking the fall in prices. It had also the effect of preventing undue rise in prices during the lean period. Government have continued the scheme during the current year and have sanctioned further share capital contribution of Rs. 5 lakhs and other concessions.

Consumers' Co-operatives.

55. A target of 12 Wholesale Stores and 240 Primary Stores was fixed by the Government of India for Mysore for the years 1962-63 and 1963-64. The Government have sanctioned necessary administrative and audit staff for inspection, supervision and audit of the Stores.

Rural Works Projects in the State.

56. The scheme for utilisation of Rural man-power was first launched in February 1961 with the sanction of 2 projects in the first series, but the actual work gained momentum during 1961-62. The second

series of 12 projects was sanctioned in April 1962 and the third series of 25 projects, in March 1963. This is a Centrally sponsored scheme with grant and loan in equal proportions.

During the current year, 40 projects are functioning. Actual work providing employment to the rural population is in progress in 32 projects, while the remaining projects are still in the preliminary stage of survey, preparation of plans and estimates, etc. By the end of the current year, the amount to be expended may go up to Rs. 17·00 lakhs and the number of man-days likely to be generated may be 10 lakhs. The main schemes undertaken in this programme are :—

(*a*) Minor Irrigation,
(*b*) Soil Conservation,
(*c*) Afforestation,
(*d*) Gomal Development,
(*e*) Repairs to Field Channels, and
(*f*) Road Works,

and special emphasis is laid on works which help in greater Agricultural production, provide employment and create community assets.

On the basis of the indication given by the Planning Commission, about 25 more projects under the fourth series are likely to be sanctioned for 1964-65 and the financial allotment for that year may be expected to be Rs. 40·00 lakhs.

Minor Adjustments in the Tax Structure.

57. The Planters' Associations in the State have repeatedly represented that the rates of depreciation allowance and the rates of tax and super-tax on

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company incomes under the Mysore Agricultural Income Tax Act are unfavourable to them when compared to the rates under the Madras Agricultural Income Tax Act. They have also claimed that these rates tend to discourage the production of plantation crops. As plantation crops are valuable earners of foreign exchange, the structure of rates under the Agricultural Income Tax Act has been examined and it is proposed to bring certain amendments to eliminate any possible disincentive effects of the tax.

The amendment will also include allowance for deductions on account of remuneration payable to Managing Directors, etc.

58. When the Mysore Sales Tax (Amendment) Bill, 1963 was sent to the Central Government for obtaining the President's assent to it, it was suggested to this Government that sales of food-grains made by the Central Government as also the sales of food-grains made by the whole-sale co-operative societies to the primary societies and the co-operative marketing societies may be exempted from the tax. These suggestions were found acceptable and accordingly suitable amendments to the Act are being placed before the House.

59. It is seen that tanning industry is in need of some relief. It is proposed to shift the point of tax incidence to last purchase point and reduce the rate to one per cent.

Schemes of Housing.

60. The State Government is doing its very best to provide housing facilities to its employees. As in previous years, priority is given to various housing schemes and in spite of the limited resources, the Budget for the coming year includes provision for the following schemes :—

House Building Advances :

	(*Rs. in lakhs*)	
Non-gazetted Government servants	20·00	
Gazetted Officers ...	12·50	
Loans under subsidised Industrial Housing Scheme.	16·00	(Rs. 9 lakhs Grant and Rs.7 lakhs Loan).
Loans under Low Income Group Housing Scheme.	26·00	
Rural Housing ...	7·50	
Loans for Housing Schemes (L.I.C.)	75·00	
Police Housing ...	75·00	
Construction of quarters for Government servants.	20·00	
Rental Housing ...	10·00	

Schemes of Housing for Scheduled Castes and Scheduled Tribes.

61. There have been repeated representations for grant of assistance for the housing schemes of Scheduled Castes and Tribes. Honourable Members may be aware that Government are incurring heavy expenditure on maintenance of schemes like Hostels, etc., for Scheduled Castes and Tribes and particular attention is paid for the education of these classes. Government are aware of the difficulties experienced by these classes for housing. The Life Insurance Corporation has been approached for the grant of a

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loan assistance of Rs. 1 crore. This will be placed at the disposal of Housing Societies for granting loans to these classes. To enable the Scheduled Caste members to acquire borrowing capacity, it is proposed to sanction to each of them interest-free loan of Rs. 90 for a share contribution of Rs. 100 and a sum of Rs. 6 lakhs is included for this purpose in the Budget of the coming year. The Scheme will of course be implemented as soon as the Life Insurance Corporation agree to give the loan, the terms of which are under correspondence. It has also been decided to subsidise interest on the loan so that the borrower may be charged at 2% only.

Rehabilitation of Displaced Goldsmiths.

62. As the House is aware, the promulgation of the Gold Control Order in January 1963, resulted in hardship to goldsmiths. This Government lost no time in initiating a number of ameliorative measures to alleviate their suffering.

The application for employment from displaced goldsmiths are receiving high priority in industrial establishments and Government offices, and so far 505 displaced goldsmiths have been employed in industrial and other establishments.

Educational concessions like freeships, scholarships, book grants, etc., have been sanctioned expeditiously to the children and dependents of these displaced goldsmiths and so far, 1,103 students in High Schools, 69 in Polytechnics and 183 in Colleges have been awarded various educational concessions.

Besides, 950 acres of land have been allotted to 307 persons for cultivation purposes and efforts are being made to allot land to as many displaced goldsmiths as are willing to take to cultivation.

Training in Engineering Trades such as Fitters, Welders, Sheet Metal Workers, etc., has already commenced in October last for the first batch of 120 candidates. A loan of Rs. 10 lakhs has been sanctioned through co-operatives in various parts of the State for assisting goldsmiths. 17 Societies have already started working and of them loan applications of 11 Societies amounting to Rs. 4,10,000 have been recommended for release. Time has been extended up to 29th February 1964 for filing applications by displaced goldsmiths for certification purposes and application forms have been distributed to them through the Tahsildars. The Deputy Commissioners have already taken action to issue certificates to such of the goldsmiths as intend to carry on their trade within the ambit of the revised Gold Control Order. An Officer of the status of a Deputy Commissioner has been appointed to attend to all work connected with the Gold Control Order.

Small Savings Scheme.

63. This State has led in arranging Padayatras which were first held in 1960 in Bangalore, Mysore, Mercara and Mangalore. The Padayatras were arranged again in 1961 in Belgaum, Dharwar, Gadag, Hubli, Davangere and other places. During the current year, the State has taken up the Small Savings Movement in a big way by launching the Defence

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Savings Campaign through the Mobile Post Offices and arrangements have been made to deliver the Small Savings Securities at the doors of the investors. I am happy to mention that as a result of the progress of Padayatras at Gulbarga in the month of January, 1964, the public of Gulbarga right from the common man to the richest, invested about Rs. 18 lakhs in National Defence Certificates, Defence Deposit Certificates, and Post Office Savings Bank Accounts, and 4,000 Cumulative Time Deposit Accounts were presented along with the above mentioned Securities. With the help of the Honourable Members of the Legislature and non-officials and the co-operation of the general public, I am confident that Small Savings will gain further momentum during the coming year.

64. The following figures of National Savings Scheme collections in our State give an idea of the progress in the Small Savings Movement from 1956-57.

	Gross	*Net*
1956-57	... 4·77 crores	0·94 crores
1957-58	... 5·87 ,,	1·65 ,,
1958-59	... 6·59 ,,	2·22 ,,
1959-60	... 6·52 ,,	1·79 ,,
1960-61	... 7·51 ,,	2·94 ,,
1961-62	... 8·49 ,,	2·51 ,,
1962-63	... 8·21 ,,	2·24 ,,
1963-64	... 8·50 ,,	3·20 ,,‡

65. An Advisory Board for the State was set up by the State Government in the year 1959 to advise

‡Up to end of January 1964, approximately.

Government on matters relating to the intensification of the Scheme in the State. There are also District Advisory Committees in each District. The services of non-officials are being enlisted for helping the Government in popularising the Scheme.

66. The Government of India have also introduced the Pay Roll Savings Scheme which helps the wage earners, and salaried people, etc., to invest their savings without much difficulty by deduction from their salaries at the source itself. The Mysore Iron and Steel Limited, Bhadravathi, was the first to introduce the Scheme among its 9,200 employees. Now, there are Pay Roll Savings Groups in many of the factories and offices in the State, though much headway can yet be made.

Community Development. Panchayat Raj.

67. The Taluk Boards and the Village and Town Panchayats constituted under the 1959 Act are discharging functions entrusted to them under the Act and also implementing the Plan Schemes of the Development Departments transferred to them. As the House is aware, a Committee presided over by Shri Kondajji Basappa appointed to make recommendations in regard to the changes required in the law relating to these institutions has submitted its report. The Committee has made several recommendations regarding devolution of functions and powers and provision of finance. The recommendations are under the active consideration of the Government.

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National Emergency.

68. Our State has played its worthy part in its contribution for the National Defence. As Honourable Members are aware, liberal contributions have been made in the form of both cash and gold. Various private agencies have also contributed in the form of clothing and other requirements of our military personnel. The State Government have given several concessions to those who enlist for Defence services. They have also arranged to award scholarships to children of Defence personnel on a liberal scale. Provision has been made for the grant of lands to the army personnel. Along with other States, the State Government also have agreed to depute active companies of the State's Police force, for service in connection with the present emergency. I am sure that in due course young and energetic men of the State will join the Army in larger numbers and take a worthy part in the defence of their motherland. In order to enthuse young men to offer for the service of the country in times of need, the N.C.C. has been strengthened.

National Cadet Corps.

69. Consequent on the declaration of the National Emergency, it has been decided by the Universities in the State to make N.C.C. training, a compulsory subject in the P.U.C. and Degree courses. Government have decided to make the N.C.C. training compulsory in the Polytechnics. These measures have necessarily resulted in the raising of a large number of

N.C.C. Units and an independent Directorate of N.C.C. has been established in the State. Government have also arranged to provide refreshments to Senior Division N.C.C. Cadets at all the parades. The total Budget of N.C.C. is likely to go up from Rs. 27·29 lakhs in 1963-64 to Rs. 67·48 lakhs in 1964-65.

Third Five-Year Plan.

70. By the end of this month we will be completing three years of the Third Five-Year Plan. From the mid-term appraisal of the National Plan, it may be seen that there are achievements as well as shortfalls. So far as the State Plan is concerned, it may be seen that while the progress on the financial side has kept pace with the target, there have been shortfalls in physical targets in certain sectors. Our performance under power and minor irrigation projects, communications, urban water supply, etc., may be considered to be quite satisfactory. The total expenditure on the Plan programme of the first three years is expected to reach the figure of Rs. 140 crores. In sectors like Communications, Minor Irrigation and Urban Water Supply, the outlay has exceeded the five years' financial targets. For the Third Plan of Rs. 250 crores, the State's share was assumed to be Rs. 110 crores. But due to various reasons such as heavier payments towards Central loans and interest charges, revision of pay scales which was not foreseen, lower contributions from local bodies and public enterprises than anticipated, increased expenditure in departments like Education, and late implementation of taxation measures, the State's share may not exceed

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Rs. 60 crores. While the Central Government have been contributing their share and have even helped us with accelerated assistance for power projects, we have been unable to raise resources to meet our share fully in spite of best efforts. Rise in the cost of the projects themselves due to revision of the estimates has added to our difficulty. In the case of power, due to an increase in the installed capacity, the Sharavathi Project itself requires more than 100 crores in addition to the cost of transmission lines. Though a portion of this may go to the Fourth Plan, still the outlay during Third Plan will be about double the amount originally anticipated. The Planning Commission has been apprised of the position and we have also made a suggestion that all projects costing over Rs. 10 crores should be financed by the Central Government. The Central Government have also been requested to liberalise the terms of repayment of their loans to the State so that the State may be enabled to repay out of the returns from Projects. In a matter of this kind, any decision can be taken only as applicable to all States. Meanwhile, as the State's Plan has to be fully implemented, there is no alternative except to depend on a special loan assistance from the Centre to cover the shortfall in resources. The Planning Commission has fixed outlay for 1964-65 at Rs. 47·5 crores with a Central assistance of Rs. 29·7 crores, after taking into consideration the State's resources. This is besides the outlay and assistance for Centrally sponsored schemes. The allocation for Education, Social Services, Co-operation, Minor

Irrigation and Small Scale Industries is no doubt grossly inadequate.

71. Since the amounts allotted for Minor Irrigation, Communications and Small Scale Industries were insufficient to finance even the schemes in progress, increased amounts had to be provided subject to adjustment within the overall ceiling and the Planning Commission have also been requested to give additional assistance. Under Education, provision for expansion of N.C.C. and mid-day meal scheme which are inescapable and involve an outlay of Rs. 98 lakhs, has been shown outside the plan due to limited plan ceiling. For the New Government Electric Factory though a provision of more than Rs. 2 crores is required, only a token provision is made and Government of India have been requested for assistance. There are many irrigation works coming under Minor Irrigation which could not be included. They will be considered as and when additional Central assistance becomes available when we will, as usual, approach the Legislature for supplementary grants. Thus, in spite of our limited resources, we have been investing huge amounts on Agricultural Production Schemes. It is time, we also took up a review of the benefits actually secured from tanks, irrigation wells, pick-ups, etc., and the Finance Department will be undertaking such a performance audit shortly.

72. I now take up the Accounts for the last year, the Revised Estimates for the current year and the Budget Estimates of the coming year.

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Accounts 1962-63 :

73. As against the anticipated deficit of Rs. 275·67 lakhs in the Revised Estimates placed before the House last March, the accounts reveal a deficit of Rs. 208·23 lakhs only as under :—

	Revised 1962-63	*Accounts 1962-63*
	(*Rs. in lakhs*)	
Revenue	9493·43	9181·48
Expenditure	9769·10	9389·71
Deficit (–)	275·67	208·23

The improvement is due to overall result of reduction in receipts of Rs. 311·95 lakhs and reduction in expenditure of Rs. 379·39 lakhs. The reductions are mainly due to conversion of the Mysore Iron and Steel Works into a Company and transfer of Kolar Gold Mining Undertakings to the Government of India.

The year closed with a balance of Rs. —17·26 lakhs as under :—

	(*Rs. in lakhs*)
Opening Balance	+833·50
Revenue Deficit	—208·23
Public Debt (net)	+3041·35
Capital Expenditure	—3179·27
Loans and Advances (net)	—784·06
Debt, Deposits, etc. (net)	+279·45
Closing Balance	—17·26

The House is aware that on account of Capital expenditure, disbursement of loans and advances and repayment of loans we had to resort to Ways and Means Advances fully covered by securities.

Revised 1963-64:

74. As compared to the Budget the position has improved slightly. An improvement of Rs. 474·57 lakhs is expected under Revenue due to increased collections under State Revenue like Commercial taxes, State Excise and Forest and arrears of allocation of income tax, etc., by the Centre and an increase of Rs. 363·70 lakhs is anticipated under expenditure mainly due to Supplementary Grants obtained for additional unforeseen expenditure or expenditure covered by additional Central assistance. The detailed reasons for variations are given in the Explanatory Memorandum. The year is expected to close with a balance of Rs. —272·87 lakhs as under :—

	(*Rs. in lakhs*)
Opening Balance	—17·26
Revenue Surplus	+220·74
Public Debt (net)	+3130·43
Capital Expenditure	—3559·70
Loans and Advances (net)	—863·48
Debt Deposits, etc. (net)	+816·40
Closing Balance	—272·87

Budget 1964-65 :

75. The Budget Estimates disclose a Surplus of Rs. 7·01 lakhs on Revenue account. The Estimates

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as compared to actuals 1962-63 and Revised 1963-64 are as under :—

	Accounts 1962-63	*Revised 1963-64*	*Budget 1964-65*
Revenue ...	9181·48	10386·09	11106·03
Expenditure ...	9389·71	10165·35	11099·02
Surplus (+)		+220·74	+7·01
Deficit (—)	—208·23		

The increases under Revenue mainly appear under :

(1) Sales Tax,
(2) Other Taxes and Duties,
(3) Animal Husbandry,
(4) Industries,
(5) Forest,
(6) State's share of Union Excise Duties,
(7) Grant-in-aid from Central Government,

and the increase in expenditure as compared to Revised is on account of increased provision made for interest on borrowings, larger grants for working expenses of Industrial concerns, payments due on account of fee concessions made during 1963-64, Expansion of N.C.C. and higher provisions in Departments like, Land Revenue, Police, Education, Medical, Public Health, Agriculture, Animal Husbandry, Industries, C.D.P., N.E.S. and L.D. Works, Miscellaneous, Social and Development Organisations, Irrigation, Public Works and Forest. The Capital Expenditure of 1964-65

envisages an outlay of Rs. 3564·15 lakhs including non-Plan under the following heads :—

	(*Rs. in lakhs*)
92 Payment of Compensation, etc. ...	65·45
94 Capital Outlay on Improvement of Public Health ...	166·90
96 Capital Outlay on Industrial Development ...	319·63
99 Capital Outlay on I.N.E. & D. Works (Commercial) ...	576·27
100 Capital Outlay on I.N.E. & D. Works (Non-Commercial) ...	210·00
101 Capital Outlay on Electricity Schemes ...	1608·00
103 Capital Outlay on Civil Works ...	575·30
109 Capital Outlay on Other Works ...	—4·01
110 Capital Outlay on Ports ...	36·30
119 Capital Outlay on Forests ...	14·00
120 Payments of Commuted value of Pensions ...	—1·61
124 Capital Outlay on Schemes of Government Trading	—2·08
Total ...	3564·15

Under Loans and Advances, an outgo of Rs. 633·15 lakhs is anticipated and main items are indicated in the Annexure.

The year is expected to close with a balance of Rs. —881·87 lakhs as under :—

	(*Rs. in lakhs*)
Opening Balance ...	—272·87
Revenue Surplus ...	7·01
Public Debt (net) ...	+3017·51
Capital Expenditure ...	—3564·15
Loans and Advances (net) ...	—633·15
Debt, Deposits, etc. (net)	+563·78
Closing Balance ...	—881·87

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The outstanding Ways and Means Advance at the end of 1963-64 on the cover of Securities may be Rs. 25·00 crores and it will be necessary to request Government of India for temporary accommodation during 1964-65 to cover the overall gap.

Social Security Measures.

76. Government are alive to the problem of Social Security measures and relief to low-paid staff. In spite of the fact that the State's Budget will have a considerable overall deficit, they feel that these measures cannot be further postponed.

Old-age Pensions.

77. A Scheme for relief to destitute aged people has been prepared. It is proposed to grant a pension of Rs. 15 per mensem to those aged 70 years and more who have no means of support. As seen from the experience of neighbouring States, this will involve the State Exchequer in heavy commitments. Government will give effect to the Scheme during 1964-65. This will cost Rs. 20·00 lakhs in 1964-65 and may go over Rs. one crore per annum in three years.

Family Pensions.

78. The Government of India have sanctioned a scheme of family pensions to the families of Central Government employees. Some of the States have already followed suit and more are likely to do so in the near future. Since the Scheme involves giving pensions to the widow for life and the commitments

cannot be easily assessed, Government are considering whether the existing scheme itself cannot be liberalised or the Government of India Scheme itself should be adopted. The decision of Government will be taken in due course.

Relief to Low-paid Employees.

79. The House is aware that the State Government gave considerable relief to Gazetted and Non-Gazetted staff by two pay revisions and by enhancement of Dearness allowance during this year. There have been further representations for relief. In view of the difficult financial position it may not be possible to meet all the demands. As I have stated earlier the question of liberalising family pension is under consideration.

In view of the cost of living it has been decided to give an uniform increase of Rs. 5 per mensem in the Dearness Allowance to all Government employees drawing basic pay up to Rs. 300 per mensem. This will also apply to employees of Government Commercial Concerns, Local Bodies and Aided Educational Institutions. The grant-in-aid to the latter on this account will be paid according to rules. This increase will also be allowed in the case of whole-time employees coming under Work-Charged and Contingency Establishment. This will cost about Rs. 1·25 crores per annum.

Relief to Pensioners.

80. There have been series of representations from pensioners for increase in Dearness Allowance. Considering the rise in cost of living, Government

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feel that some relief is called for. It is accordingly decided to give an *ad-hoc* increase of Rs. 5 per mensem in Dearness Allowance in the case of pensioners drawing pensions up to Rs. 100 per mensem. This may cost about Rs. 25·00 lakhs per annum.

Ways and Means.

81. As the Honourable Members could see, there will be a shortfall in resources to the extent of Rs. 50 to 60 crores for financing a Plan programme of Rs. 250 crores, due to the reasons already explained. The ways and means advance outstanding at the end of this year is expected to come to about Rs. 25 crores and this can be cleared out of the Securities held in the General Investment Account and the Sinking Fund. For the next two years, on account of the gap created by the heavy capital outlay and repayments of loans, we have to seek special loan assistance from the Government of India. The Government of India have been apprised of the entire financial position.

82. Once our assets begin to yield returns, particularly the Power and Irrigation Projects, the position will get eased gradually. On our part, we should endeavour to increase the internal resources. Before tackling new avenues of taxation, it will be our endeavour to improve the collections of existing taxes, recover arrears of loans, eliminate unnecessary items of expenditure and postpone optional items. The Budget documents including Part II of the speech furnish figures of tax collected in several Departments. It may

be seen therefrom that the progress of collections is satisfactory. I do not claim that there is no leakage or tax evasion. Government are trying their best to plug loop holes by tightening up the administrative machinery. There is certainly scope for further improvement and this can be achieved only with the co-operation of the tax-payers. Though we have to face difficulties which are mainly due to taking up big projects involving heavy outlay, I am confident that with your support and additional assistance from the Government of India we will be able to tide over the situation.

83. The expenditure involved by the introduction of the old-age pension scheme and grant of further relief to pensioners and the low-paid staff, is not provided for in the Budget. It will therefore be necessary to find out resources to meet the expenditure on the above accounts.

84. I now commend the Budget Estimates for the consideration of the House.

JAI HIND